



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
DAVISS COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Reid Haire, Daviess County Judge/Executive

Honorable W. M. Norris, Jr., Former Daviess County Judge/Executive

Members of the Daviess County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Daviess County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Daviess County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Daviess County, Kentucky prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Daviess County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable Reid Haire, Daviess County Judge/Executive

Honorable W. M. Norris, Jr., Former Daviess County Judge/Executive

Members of the Daviess County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Daviess County, Kentucky, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated December 10, 1999 on our consideration of Daviess County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

December 10, 1999

DAVIESS COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

Reid Haire	County Judge/Executive
Robert Kirtley	County Attorney
Michael Libs	County Clerk
Patrick Hardesty	Circuit Court Clerk
Keith Cain	Sheriff
Harold Taylor	Jailer
Ron Durbin	Property Valuation Administrator
Anthony Sook	County Treasurer
Bob Howe	Coroner
Jim Lambert	Commissioner
Mike Riley	Commissioner
Bruce Kunze	Commissioner

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

DAVIESS COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash and Investments	\$ 4,885,706
Road and Bridge Fund:	
Cash and Investments	630,134
Jail Fund:	
Cash and Investments	2,033,558
Jail Commissary Fund:	
Cash and Investments	280,883
Local Government Economic Assistance Fund:	
Cash	160,671
Solid Waste Fund:	
Cash and Investments-	
Operating Account	1,222,308
Cash - Debt Service	960,602
Cash - Closure/Post Closure	1,437,025
Cash - Construction	71,931
Public Improvement Corporation Fund:	
Cash	1,104

Other Resources

General Fund:	
Amounts to be Provided in Future Years for-	
Daviess County Kentucky First Mortgage Refunding	
and Revenue Bond Principal (Note 4A)	3,510,000
Capital Lease Obligations-	
Fire Improvements Principal (Note 4B)	424,000
Fire Trucks Principal (Note 4E)	274,740
Solid Waste Fund:	
Amounts to be Provided in Future Years for-	
Daviess County Kentucky General Obligation Bond Principal	
for Solid Waste System Project (Note 4F)	2,649,398
Capital Lease Obligations-	
Transfer Station Principal (Note 4C)	2,176,000
Landfill Principal (Note 4D)	1,496,000
Total Assets and Other Resources	<u>\$ 22,214,060</u>

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund

Bonds Not Matured - Daviess County Kentucky First Mortgage Refunding and Revenue Bond Principal (Note 4A)	\$ 3,510,000
--	--------------

Capital Lease Obligations-

Fire Improvements Principal (Note 4B)	424,000
---------------------------------------	---------

Fire Trucks Principal (Note 4E)	274,740
---------------------------------	---------

Solid Waste Fund

Bonds Not Matured - Daviess County Kentucky General Obligation Bond Principal for Solid Waste System Project (Note 4F)	3,610,000
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Capital Lease Obligations-

Transfer Station Principal (Note 4C)	2,176,000
--------------------------------------	-----------

Landfill Principal (Note 4D)	1,496,000
------------------------------	-----------

Fund Balances

Reserved:

Jail Commissary Fund	280,883
----------------------	---------

Solid Waste Fund-

Operating	1,222,308
-----------	-----------

Closure/Post Closure	1,437,025
----------------------	-----------

Construction	71,931
--------------	--------

Unreserved:

General Fund	4,885,706
--------------	-----------

Road and Bridge Fund	630,134
----------------------	---------

Jail Fund	2,033,558
-----------	-----------

Local Government Economic Assistance Fund	160,671
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Public Improvement Corporation Fund	1,104
-------------------------------------	-------

Total Liabilities and Fund Balances	<u>\$ 22,214,060</u>
-------------------------------------	----------------------

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

DAVIESS COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

<u>Cash Receipts</u>	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Schedule of Operating Revenue	\$ 20,175,550	\$ 10,511,315	\$ 1,274,915	\$ 3,698,242
Transfers In	2,417,451		1,050,000	
Jail Commissary Fund Receipts	234,148			
Total Cash Receipts	<u>\$ 22,827,149</u>	<u>\$ 10,511,315</u>	<u>\$ 2,324,915</u>	<u>\$ 3,698,242</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 16,123,714	\$ 7,397,440	\$ 2,104,859	\$ 3,269,683
Transfers Out	2,417,451	1,050,000		
Lease Purchase:				
Principal Paid	933,517	345,517		
Bond Issue:				
Principal Paid	132,969	61,248		
Jail Commissary Fund Expenditures	215,004			
Total Cash Disbursements	<u>\$ 19,822,655</u>	<u>\$ 8,854,205</u>	<u>\$ 2,104,859</u>	<u>\$ 3,269,683</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 3,004,494	\$ 1,657,110	\$ 220,056	\$ 428,559
Cash Balance - July 1, 1998*	<u>8,679,428</u>	<u>3,228,596</u>	<u>410,078</u>	<u>1,604,999</u>
Cash Balance - June 30, 1999*	<u><u>\$ 11,683,922</u></u>	<u><u>\$ 4,885,706</u></u>	<u><u>\$ 630,134</u></u>	<u><u>\$ 2,033,558</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

DAVIESS COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	Solid Waste Fund			
		Operating	Debt Service	Closure/ Post Closure	Construction
\$	\$ 354,842	\$ 2,878,298	\$ 1,387,204	\$ 64,485 467,451	\$ 6,249 900,000
234,148					
\$ 234,148	\$ 354,842	\$ 2,878,298	\$ 1,387,204	\$ 531,936	\$ 906,249
\$	\$ 272,175	\$ 1,638,042 1,167,451	\$ 377,263 200,000	\$	\$ 1,064,252
			588,000		
			71,721		
215,004					
\$ 215,004	\$ 272,175	\$ 2,805,493	\$ 1,236,984	\$ 0	\$ 1,064,252
\$ 19,144 261,739	\$ 82,667 78,004	\$ 72,805 1,149,503	\$ 150,220 810,382	\$ 531,936 905,089	\$ (158,003) 229,934
\$ 280,883	\$ 160,671	\$ 1,222,308	\$ 960,602	\$ 1,437,025	\$ 71,931

DAVIESS COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Public
Improvement
Corporation
Fund

\$

\$ 0

\$

\$ 0

\$ 0
1,104

\$ 1,104

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Daviess County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary and the Public Improvement Corporation Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Daviess County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.85 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 1999, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 4. Long-Term Debt

A. Information concerning the Daviess County Public Improvement Corporation is as follows:

The Daviess County Public Improvement Corporation was established (effective October 1, 1973) pursuant to KRS Section 273, for the purpose of providing financing for improvements to be dedicated to public use by Daviess County. The Daviess County Public Improvement Corporation was established and has been accounted for as a separate corporation to provide for retirement of principal and interest payments on outstanding debt. The corporation has been presented on the combined financial statements of Daviess County because it provides an integral part of the Daviess County's financing of public property.

The Daviess County Public Improvement Corporation entered into a new bond issue on July 1, 1994 for the purpose of 1) paying the entire principal and interest of the Daviess County, Kentucky Judicial Center Building and Improvement Revenue Bonds, Series 1989 as of July 15, 1994; 2) to fund a Debt Service Reserve Fund; 3) to pay for the costs of issuance of Bonds; and 4) to pay for certain costs of equipment to be purchased by the county. The Corporation and Daviess County have entered into an annually renewable lease, dated as of July 1, 1994, wherein the county shall lease from the corporation the project and project site, at an agreed rental, the proceeds of which will be used to pay principal and interest on the bonds.

The Daviess County Public Improvement Corporation First Mortgage Refunding and Revenue Bonds, Series 1994 A were issued July 1, 1994, for \$ 4,270,000. The Daviess County Public Improvement Corporation entered into a sublease with the Administrative Office of the Courts (AOC), whereby the AOC will make semi-annual payments directly to the bonding agent to partially fund the debt service for the bond issue. The AOC paid \$289,810 during the year ended June 30, 1999. The resulting liability to the county for debt service was \$27,196. Daviess County is required to make an annual lease payment in September of each year until September 2014. The principal amount of bonds outstanding as of June 30, 1999 was \$3,510,000.

<u>Due Date</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2000	\$ 192,814	\$ 165,000
2001	183,294	175,000
2002	173,074	190,000
2003	162,154	200,000
2004	150,673	210,000
Thereafter	<u>798,028</u>	<u>2,570,000</u>
Totals	<u>\$ 1,660,036</u>	<u>\$ 3,510,000</u>

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 4. Long-Term Debt (Continued)

- B. The Daviess County Fiscal Court entered into a lease agreement on November 10, 1993, with the Kentucky Associations of Counties Leasing Trust Program. The purpose of this lease was to provide moneys to the county for renovations and additions to the various county fire stations and to purchase equipment. The lease amount was \$ 889,000 with an effective rate on interest of 4.356%, based on interest and additional costs involved in receiving the lease, with a term of 10 years, ending no later than February 1, 2003. A lessee acquisition account was established by KAColt for the purposes of ensuring disbursements are made to pay the costs of the project and reimburse the lessee for any costs of the project paid prior to the lease date. During the fiscal year ended June 30, 1999, Daviess County paid \$96,000 on the principal balance of the lease. The principal balance due at June 30, 1999 is \$424,000. The Daviess County fiscal Court is required to make monthly interest payments and one annual principal payment on January 20th of each year.
- C. The Daviess County Fiscal Court entered into a lease agreement on March 23, 1994, with the Kentucky Association of Counties Leasing Trust Program. The purpose of the lease was to provide moneys to the county for the purpose of creating and maintaining a transfer station for the benefit of the county. The lease amount was \$3,904,000 with an effective rate of interest of 4.973%, based on interest and additional costs involved in receiving the lease, with a term of 10 years, ending no later than February 1, 2004. A lessee acquisition account was established by KAColt for the purpose of ensuring disbursements are made to pay the costs of the project and reimburse the lessee for any costs of the project paid prior to the lease date. During the fiscal year ending June 30, 1999, Daviess County paid \$378,000 on the principal balance of the lease. The principal balance due at June 30, 1999 is \$2,176,000. The Daviess County Fiscal Court is required to make monthly interest payments and one principal payment on January 20th of each year.
- D. The Daviess County Fiscal Court entered into a lease agreement for the purpose of creating and maintaining a landfill for the benefit of the county. The lease was entered into on September 14, 1995. The lease amount was \$2,096,000 with an effective rate of interest of 5.024%, based on interest and additional costs involved in receiving the lease, with a term of 10 years, ending no later than February 1, 2005. A lessee acquisition account was established by KAColt for the purpose of ensuring disbursements are made to pay the costs of the project and reimburse the lessee for any costs of the project paid prior to the lease date. During the fiscal year ending June 30, 1999, Daviess County paid \$210,000 on the principal balance of the lease. The principal balance due at June 30, 1999 is \$1,496,000. The Daviess County Fiscal Court is required to make monthly interest payments and one principal payment on January 20th of each year.
- E. The Daviess County Fiscal Court entered into a lease agreement for the purpose of purchasing and maintaining the county fire trucks. The lease was entered into a February 11, 1998. The lease amount was \$364,581 with an effective interest rate of 4.250%, based on interest and additional costs involved in receiving the lease, with a term of 5 years, ending no later that February 2, 2003. A lease acquisition account was established by KAColt for the purpose of ensuring disbursements are made to pay the costs of the project and reimburse the lessee for any costs of the project paid prior to the lease date. During fiscal year ending June 30, 1999, Daviess County Fiscal Court paid \$67,852 on the principal balance of the lease. The principal balance due at June 30, 1999, was \$274,740. The Daviess County Fiscal Court is required to make monthly principal and interest payments on the 20th of each month.

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 4. Long-Term Debt (Continued)

- F. On March 31, 1999, the County sold General Obligation Public Project Bonds, Series 1999 (Solid Waste System Project). The bonds total \$3,610,000, and the proceeds were used to pay off the Solid Waste System Revenue Bond Anticipation Notes, Series 1996. Those notes were issued for the purpose of financing certain improvements to the public solid waste system owned and operated by the county. The bonds, which are dated March 1, 1999, have interest rates of 4.0% to 4.375% and mature beginning April 1, 2000 through April 1, 2014.

<u>Due Date</u>	<u>Scheduled Principal</u>
2000	\$ 180,000
2001	190,000
2002	195,000
2003	200,000
2004	210,000
Thereafter	<u>2,635,000</u>
Totals	<u>\$ 3,610,000</u>

Note 5. Landfill Closure and Post-Closure Costs:

The county operates a landfill in West Louisville. Daviess County must comply with established state and federal landfill operating, closure and post-closure procedures. The landfill opened in January 1996, with an estimated life of 21.67 years. As of June 30, 1999 the estimated remaining life of the landfill is 18.17 years. Estimated closure cost total \$6,075,000 and estimated postclosure care costs total \$5,550,500 or \$185,000 per year. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Since the financial statements are prepared on the cash basis of accounting in accordance with the laws of Kentucky, no liability has been recognized for closure or post-closure care costs. The fiscal court sets aside a portion of the landfill receipts in a separate account in the Solid Waste Fund, so those funds will be available to pay the estimated closure and post-closure costs. For every ton deposited into Daviess County contained landfill \$2 is deposited into the closure account and \$1 into the post-closure account. At June 30, 1999, the Solid Waste closure account had a balance of \$958,213 and the post-closure account had a balance of \$478,812.

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 6. Related Party Transactions

We were made aware of the following related party transactions that have occurred subsequent to June 30, 1999.

- (1) Commissioner Lambert's son-in-law is employed by Moore Chevrolet. The fiscal court approved a bid for an automobile from Moore Chevrolet in the amount of \$21,313. According to Robert M. Kirtley, County Attorney, Mr. Lambert removed himself from the consideration and vote of awarding this contract. Mr. Kirtley further states, "This matter has been addressed by the Attorney General in OAG 92-39, a copy of which is attached. Based upon that opinion, the fiscal court could award the contract to Moore Chevrolet and the award of the contract would have no impact whatsoever on Commissioner Lambert." The full text of Mr. Kirtley's letter can be found in *Appendix B*.
- (2) Commissioner Riney's brother owns WBR, Inc., d/b/a Bruce's Tri-State Roofing Company and employs the commissioner on a part-time basis. The fiscal court awarded the roofing bid for the new detention facility to Tri-State Roofing Company in the amount of \$363,888. Mr. Kirtley stated, Commissioner Riney removed himself from the fiscal court when the matter was brought on for consideration and vote. More details of Mr. Kirtley's findings are included in the County Attorney's letter in *Appendix B*.

Note 7. Commitments and Contingencies

The Daviess County Fiscal Court entered into a sublease agreement with the City of Owensboro for the purpose of funding debt service - Airport Revenue Bonds - related to the expansion of the Owensboro-Daviess County Regional Airport. The sublease was entered into on June 1, 1995. Under the terms of the sublease agreement, the county agreed to lease certain airport servitude aviation easements and other property and improvements for one half of the base rentals. Any additional rentals are due to be paid by the City of Owensboro under its sublease agreement. During fiscal year ending June 30, 1999, Daviess County Fiscal Court paid \$127,575, to the City of Owensboro for its share of the sublease.

Note 8. Subsequent Events

On December 7, 1999, the Daviess County Fiscal Court had a first reading of Ordinance B 40 (99) approving a lease for the financing of a new 423-bed detention facility. The second reading is scheduled for December 21, 1999. The lease shall be a full general obligation of the county with an amount not to exceed \$10,000,000. The lease agreement will be executed and delivered at a date yet to be determined in the first quarter of 2000.

Note 9. Litigation

The Daviess County Fiscal Court is involved in certain legal actions, which are in various stages of litigation, the outcomes of which are not determinable at this time. Legal council does not anticipate any material effect on the financial statements as a result of any cases presently in progress.

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

DAVIESS COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 12,116,402	\$ 10,511,315	\$ (1,605,087)
Road and Bridge Fund	2,479,872	1,274,915	(1,204,957)
Jail Fund	2,839,152	3,698,242	859,090
Local Government Economic Assistance Fund	360,405	354,842	(5,563)
Local Government Economic Development Fund	300,000	-	(300,000)
Solid Waste Fund:			
Operating	1,621,500	2,878,298	1,256,798
Debt Service	720,500	1,387,204	666,704
Closure/Post Closure	430,000	64,485	(365,515)
Construction Bond	1,330,000	6,249	(1,323,751)
Totals	<u>\$ 22,197,831</u>	<u>\$ 20,175,550</u>	<u>\$ (2,022,281)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 22,197,831
Add: Budgeted Prior Year Surplus	6,087,037
Less: Other Financing Uses	<u>(5,216,018)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 23,068,850</u>

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SCHEDULE OF OPERATING REVENUE

DAVIESS COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<hr/>				
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff Taxes				
Real Property Tax	\$ 3,087,969	\$ 3,087,969	\$	\$
Tangible Personal Property Tax	577,969	577,969		
Unmined Minerals	1,289	1,289		
Bank Shares Tax	250,257	250,257		
Public Service Tax	427,904	427,904		
Distilled Spirits Tax	40,629	40,629		
County Clerk:				
Tangible Personal Property Tax	675,124	675,124		
Deed Transfer Tax	264,996	264,996		
Alcoholic Beverage License	6,698	6,698		
Delinquent Tax	23,055	23,055		
Occupational License Fee	578	578		
Voting Machines	179,173	179,173		
Industries in Lieu of Taxes	5,272	5,272		
Excess Fees - 25% Account	942,282	942,282		
Insurance Premium Tax	1,058,495	1,058,495		
Tourist Tax	402,646	402,646		
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Totals	\$ 7,944,336	\$ 7,944,336	\$ 0	\$ 0
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<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance	\$ 111,813	\$ 111,813	\$	\$
Federal Emergency Management Agency	24,095	24,095		
Title IV-D Child Support	510,897	510,897		
Crime Victim Assistance	29,679	29,679		
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Totals	\$ 676,484	\$ 676,484	\$ 0	\$ 0
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DAVIESS COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 345,800	\$	\$	\$ 345,800
Medical Allotments	21,225			21,225
DUI Service Fees	17,850			17,850
Housing State Prisoners	1,318,772			1,318,772
Housing State Juveniles	370,800			370,800
School Lunch Program Grant	70,837			70,837
Transportation Cabinet	385,328	306,328	79,000	
County Road Aid	892,310		892,310	
Municipal Road Aid	109,264		109,264	
Truck License Distributions	161,449		161,449	
Strip Mine Permits	12,042	12,042		
Courthouse Rental	182,673	182,673		
Refunds:				
Legal Process Tax	503	503		
Drivers Licenses	9,180		9,180	
Severance Taxes:				
Coal	313,577			
Mineral	39,789			
Road Energy Recovery Money	4,269		4,269	
Public Defender Allotment	80,444	80,444		
Base Court Revenue	1,636	1,636		
Parks and Recreation Grant	30,194	30,194		
Election Expense Reimbursement	40,290	40,290		
Agency Grant - Oasis	71,428	71,428		
Board of Assessment Appeals	800	800		
Miscellaneous	853	853		
Totals	\$ 4,481,313	\$ 727,191	\$ 1,255,472	\$ 2,145,284

Miscellaneous Revenue

Interest Earned	\$ 459,222	\$ 209,741	\$ 18,943	\$ 73,104
Court Costs	65,865			65,865
Telephone Commission	92,451	27		92,424
DES Reimbursement	23,533	23,533		

DAVIESS COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

Local Government Economic Assistance Fund	Solid Waste Fund			
	Operating	Debt Service	Closure/ Post Closure	Construction
\$	\$	\$	\$	\$
313,577				
39,789				
<u>\$ 353,366</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,476	\$ 44,791	\$ 40,433	\$ 64,485	\$ 6,249

DAVIESS COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Insurance Reimbursement	\$ 41,254	\$ 41,254	\$	\$
Firefighter Incentive Pay	37,126	37,126		
E911 User Fee	233,960	233,960		
Cable TV Franchise	125,266	125,266		
Building Permits	67,083	67,083		
Landfill User Fees	2,820,887			
Landfill Availability Fees	1,342,425			
Off-Site Waste Management Fees	9,079			
Animal Shelter	88,114	88,114		
Housing Juveniles	1,102,504			1,102,504
Medical Reimbursements	16,157			16,157
Work Release - Jailer	66,332			66,332
Bond Fees	17,881			17,881
Farm Income	28	28		
Concession Sales	48,799	48,799		
Courthouse Rentals	41,906	41,906		
Cold Check Division - County Attorney	9,555	9,555		
Vending Machine Concessions	507	507		
Material Sales	16,715	15,243		
Daviess County - Levy Home	18,301	18,301		
Parks Projects	2,611	2,611		
Surplus Equipment Sales	22,690	22,690		
Land Sales	97,459	97,459		
Other Revenue	205,707	80,101	500	118,691
Totals	\$ 7,073,417	\$ 1,163,304	\$ 19,443	\$ 1,552,958
Total Operating Revenue	\$ 20,175,550	\$ 10,511,315	\$ 1,274,915	\$ 3,698,242

DAVIESS COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Solid Waste Fund			
	Operating	Debt Service	Closure/ Post Closure	Construction
\$	\$	\$	\$	\$
	2,820,887			
	9,079	1,342,425		
	1,472			
	2,069	4,346		
\$ 1,476	\$ 2,878,298	\$ 1,387,204	\$ 64,485	\$ 6,249
\$ 354,842	\$ 2,878,298	\$ 1,387,204	\$ 64,485	\$ 6,249

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

DAVIESS COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of the County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 61,700	\$ 59,340	\$ 2,360
Deputy Judge/Executive	42,550	42,500	50
Other Salaries	13,300	13,270	30
Office Supplies	1,000	106	894
Bond Premium	1,500	165	1,335
Registration, Conferences, and Training	1,500	1,356	144
Travel	2,000	480	1,520
Furniture and Fixtures	900	880	20
Motor Vehicle	23,000	22,941	59
Miscellaneous	500	430	70
Office of the County Attorney:			
Salaries-			
County Attorney	54,970	54,960	10
Other Salaries	374,200	368,586	5,614
Credit Services	900	600	300
Maintenance and Repair	3,000	1,415	1,585
Parking and Office Rental	22,080	3,600	18,480
Office Equipment and Supplies	22,000	16,479	5,521
Postage	9,500	9,466	34
Telephone	4,000	1,688	2,312
Travel	9,500	9,069	431
Data Processing	20,000	3,123	16,877
Office of the County Clerk:			
Office Supplies	35,000	24,007	10,993
Office of the Sheriff:			
Deputies	125,000	125,000	
Dare Deputy	25,000	25,000	
Dispatchers - 911	198,300	198,300	
COPS Grant Deputies	107,398	107,398	

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of the Sheriff: (Continued)			
Employee Incentive	\$ 162,100	\$ 162,100	\$
Narcotics Officers	17,500	15,861	1,639
Excess Fee Reimbursements	233,775	230,575	3,200
COPS Grant Operations	35,000	35,000	
Office of the Coroner:			
Salaries-			
Coroner	43,000	42,054	946
Assistants	35,600	35,573	27
Secretary	17,390	17,029	361
Autopsies and Attendant Service	4,000	3,565	435
Office Supplies	3,000	2,911	89
Registrations, Conferences, and Training	2,500	1,795	705
Telephone	2,000	1,464	536
Travel	2,500	2,461	39
Fiscal Court:			
Salaries-			
Fiscal Court	110,000	105,925	4,075
Other Salaries	40,000	39,906	94
Advertising and Rewards	3,000	2,180	820
Materials and Supplies	6,400	6,375	25
Office Supplies	6,100	6,089	11
Bond Premium	2,000		2,000
Memberships	11,000	6,920	4,080
Reimbursement - Taxes	5,000	1,607	3,393
Registrations, Conferences, and Training	15,000	14,581	419
Renewals and Repairs	15,000	7,385	7,615
Telephone	19,250	19,205	45
Travel - Out of County	3,000	1,928	1,072
Commissioners Mileage	6,300	6,289	11
Safety Program	5,000		5,000
Furniture and Fixtures	7,500	5,728	1,772
Office Equipment	11,720	11,711	9
Miscellaneous	500	237	263

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of the Property Valuation Administrator:			
Statutory Contribution	\$ 106,800	\$ 106,331	\$ 469
Office of Board or Assessment Appeals:			
Board of Assessment	2,000	1,600	400
Office of the County Treasurer:			
Salaries-			
County Treasurer	55,000	55,000	
Other Salaries	88,100	87,925	175
Miscellaneous	500	56	444
Office Supplies	1,500	654	846
Bond Premium	1,900	1,888	12
Memberships	1,500	313	1,187
Registrations, Conferences, and Training	3,000	1,749	1,251
Data processing Equipment	3,000	2,899	101
Office Equipment	500	195	305
Accounting Software	18,260	14,526	3,734
Data Processing:			
Salaries-			
Manager	35,700	35,692	8
Technical Assistant	5,000	1,202	3,798
Software	4,000	70	3,930
Maintenance Agreements	8,000	533	7,467
Data Processing Supplies	4,500	1,556	2,944
Telephone/Pager	1,000	285	715
Data Processing/Y2K Compliance	35,800	35,671	129
Law Librarian:			
Law Librarian	600	508	92
Elections:			
Election Board	15,500	14,240	1,260
Election Officers Per Diem	55,520	55,433	87
Tabulators	3,000	1,710	1,290
Advertising	9,750	9,722	28

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Elections: (Continued)			
Repair/Transport Voting Machine	\$ 5,000	\$ 2,723	\$ 2,277
Polling Rental	5,000	1,425	3,575
Supplies	40,000	39,692	308
Voter Registration	2,000		2,000
Planning and Zoning:			
Contributions	101,842	101,842	
Economic Development:			
Training Grants	591,500	149,469	442,031
Land Purchase and Development	570,635	570,627	8
Owensboro Daviess County Industry, Inc.	92,250	92,250	
Courthouse:			
Custodian	27,000	25,238	1,762
Janitorial Contract	10,000	3,692	6,308
Materials and Supplies	20,000	16,408	3,592
Parking	5,000	4,390	610
Uniforms	800	599	201
Insurance - Building and Contents	5,500		5,500
Technical Training	1,500		1,500
Repairs	95,500	95,244	256
Utilities	45,000	43,052	1,948
Miscellaneous	500	102	398
Judicial Center:			
Custodial Personnel	28,000	26,730	1,270
Janitorial Contract	54,240	54,240	
Parking Rental	10,000	9,720	280
Office Supplies	445	138	307
Uniforms	600	575	25
Materials and Supplies	10,000	9,928	72
Insurance - Building and Contents	6,305	6,304	1
Renewals and Repairs	42,695	42,657	38
Renewals and Repairs - AOC Reimbursed	15,000		15,000
Telephone	2,150	2,147	3
Utilities	50,000	49,291	709
Maintenance Equipment	1,000	38	962

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u>			
Codes Enforcement:			
Salaries-			
Building Inspector	\$ 33,600	\$ 33,547	\$ 53
Other Salaries	45,000	44,995	5
Data Processing Supplies	3,350	3,103	247
Fuel and Oil	1,500	31	1,469
Office Supplies	2,100	2,082	18
Registrations, Conferences, and Training	750	696	54
Telephone	1,800	1,787	13
Vehicle Maintenance	1,000	178	822
Property Maintenance	1,000	615	385
County Fire Department:			
Salaries-	375,842	374,978	864
Incentive Pay - Firefighters	38,500	37,880	620
Office Supplies	2,000	776	1,224
Fuel	4,000	3,245	755
Uniforms	4,450	4,419	31
Materials and Supplies	5,000	3,629	1,371
Insurance - Building and Contents	5,000	3,277	1,723
Liability Insurance	10,000	9,990	10
Vehicle Insurance	30,000	24,283	5,717
Maps	1,500	39	1,461
Volunteer County Incentive	84,500	84,500	
Registrations, Conferences, and Training	5,385	5,383	2
Telephone	4,000	3,049	951
Travel	1,000	957	43
Utilities	7,500	4,994	2,506
Sorgho	6,900	4,495	2,405
Knottsville	4,400	3,736	664
Masonville	9,100	7,196	1,904
Mosleyville	4,400	3,204	1,196
St Joseph	4,400	2,195	2,205
Stanley	4,400	2,840	1,560
Thruston	9,900	7,479	2,421
Utica	4,960	4,956	4
Whitesville	4,900	4,346	554

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
County Fire Department: (Continued)			
Yelvington	\$ 4,900	\$ 4,398	\$ 502
Buildings Maintenance	20,000	18,205	1,795
Equipment Maintenance	19,125	15,460	3,665
Truck and Pump Maintenance	20,000	14,995	5,005
Educational Training	1,000	569	431
Vehicles	20,000	18,928	1,072
Office Equipment	2,500	2,113	387
Other Equipment	10,000	8,818	1,182
Rescue Equipment	3,000	1,459	1,541
Building and Construction	47,090	2,269	44,821
Miscellaneous	1,000	943	57
Disaster and Emergency Services:			
Salaries-			
Director	38,600	38,523	77
Deputy Director	12,010	12,000	10
Other Salaries	17,650	17,649	1
Rentals	928	857	71
Data Processing	4,200	4,179	21
Office Supplies	2,000	1,743	257
Dues and Subscriptions	500	400	100
Uniforms	450	435	15
Community Warning	100,000	2,525	97,475
Emergency Operations Center	3,000	1,532	1,468
Registrations, Conferences, and Training	3,350	1,620	1,730
Telephone	3,000	1,772	1,228
Vehicle Maintenance	4,000	3,629	371
Communications	3,800	3,474	326
Office Equipment	500		500
Emergency Dispatch Service:			
Lease Payments	50,000	30,863	19,137
Miscellaneous	35,000	23,997	11,003

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
State Forestry:			
Contributions	\$ 1,500	\$ 1,406	\$ 94
Public Advocate:			
County Support	11,000	10,899	101
<u>General Health and Sanitation</u>			
Pest Eradication Programs:			
Mosquito Control Salaries	4,000	3,855	145
Materials and Supplies	8,910	8,901	9
Animal Control:			
Salaries-	62,350	62,101	249
Data Processing	500	449	51
Food - Work Release	1,700	1,571	129
Office Supplies	600	545	55
Uniforms	1,000	857	143
Materials and Supplies	4,000	3,193	807
Insurance	243	199	44
Vehicle Insurance	1,257	1,256	1
Medication	2,000	1,688	312
Telephone	500	491	9
Utilities	5,000	4,117	883
Building Maintenance	2,000	893	1,107
Equipment Maintenance	570	410	160
Vehicle Maintenance	2,000	1,761	239
Animal Treatments and Tags	25,000	19,409	5,591
Drainage:			
Matching Share	1,000		1,000
Drainage Projects	250,000	43,387	206,613
Soil and Water Conservation:			
Contributions	12,000	12,000	

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u>			
Senior Citizens Program:			
Contributions-			
Committee on Aging	\$ 6,750	\$ 6,750	\$
RSVP	3,750	3,750	
Elizabeth Monday Center	15,050	15,050	
Public Advocate:			
Public Defender	130,000	80,444	49,556
Services to Children and Youth:			
Contributions - Levy Trust			
Girls, Inc.	4,500	4,500	
Cliff Hagan Boys and Girls Club	4,500	4,500	
Wendell Foster Center	1,500	1,500	
H.L. Neblett Center	4,500	4,500	
Voluntary Action	10,000	10,000	
Mary Kendall Home	42,200	42,129	71
General Charity and Welfare:			
Rape Victim Services	1,100	1,100	
Human Relations Commission	1,000	1,000	
Free Clinic of Owensboro	9,000	9,000	
OASIS	12,000	12,000	
Longfellow Education	1,500	1,500	
Charles E. Shelton Memorial	5,000	5,000	
Owensboro-Daviess County Skills, Inc.	41,600	41,600	
Victim Assistance Program:			
Salaries-			
Director	29,000	29,000	
Other Salaries	22,500	5,130	17,370
Parking	500	480	20
Office Supplies	1,300	691	609
Postage	500		500
Registrations, Conferences, and Training	2,000	1,933	67

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Victims Assistance (Continued)			
Telephone	\$ 1,650	\$ 1,648	\$ 2
Travel	2,200	1,339	861
Other Equipment	1,510	503	1,007
Parks:			
Salaries-			
Director	36,800	36,778	22
Other Salaries	250,000	242,926	7,074
Advertising	4,000	3,306	694
Match Park Grants	45,552	43,836	1,716
Rental	1,000	548	452
Contract Services - Grounds	7,000	5,731	1,269
Contract Services - Concessions	150	117	33
Contract Services - Other	7,000	6,977	23
Concession Supplies	15,000	14,904	96
Food - Work Release	1,200	1,180	20
Office Supplies	3,000	2,789	211
Fuel	3,000	1,921	1,079
Recreation Programs and Supplies	18,550	18,521	29
Uniforms	2,100	2,086	14
Insurance - Building and Contents	5,939	4,551	1,388
Insurance - Liability	4,611	4,611	
Insurance - Vehicles	3,350	3,349	1
Renewals and Repairs	2,000	1,506	494
Telephone	7,000	6,932	68
Travel	3,000	2,952	48
Utilities	45,000	42,496	2,504
Maintenance - Building and Grounds	30,000	28,970	1,030
Maintenance - Vehicles	8,200	6,843	1,357
Miscellaneous	500	482	18
Furniture and Fixtures	500	327	173
Land	1,500	1,146	354
Office Equipment	19,600	19,588	12
Other Equipment	51,350	47,704	3,646

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Recreation and Culture</u> (Continued)			
County Museums:			
Contributions	\$ 76,500	\$ 76,500	\$
Museum of Fine Arts	15,000	15,000	
Other Recreational and Cultural Programs:			
Owensboro Symphony Orchestra	4,000	4,000	
Theatre Workshop of Owensboro	500	500	
Owensboro Dance Theatre	500	500	
Veterans Affairs Committee	500	500	
Riverpark Center	2,500	2,500	
First Night of Owensboro	1,000		1,000
Tourist and Convention:			
Tourist Commission	393,600	393,545	55
<u>Airports:</u>			
Airport Operations	40,000	40,000	
<u>Transportation:</u>			
Transportation of School Children	350,000	327,310	22,690
<u>Debt Service:</u>			
Airport Lease Interest	112,525	66,327	46,198
Judicial Center Interest	60,000	27,196	32,804
KARP Program Interest	95,000		95,000
Capital Lease Interest - Fire Department	20,752	20,752	
Capital Lease Interest - Fire Trucks	13,236	12,201	1,035
Capital Lease Interest - Voting Machines	6,975	5,041	1,934
<u>Capital Projects:</u>			
Property Development	1,000		1,000
Capital Equipment - Reserved	100,000		100,000

DAVISS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Capital Projects</u> (Continued)			
Capital Equipment - Fire Department Reserved	\$ 100,000	\$	\$ 100,000
Capital Projects - Reserved	100,000		100,000
Right of Way	1,000		1,000
<u>Administration:</u>			
Payroll	1,000	(2,728)	3,728
Professional Services	30,000	23,044	6,956
Data Processing Services - Payroll	7,500	6,103	1,397
Legal Fees	40,000	2,774	37,226
Match State, Local, and Federal			
Chamber of Commerce	721	615	106
Insurance - Building and Contents	13,960	9,552	4,408
Insurance - Liability	36,000	35,349	651
Insurance- Vehicles	2,540	2,538	2
Legal Notice - Recording and Court Costs	17,150	17,129	21
Membership - GRADD	33,460	33,460	
Membership - KACO	2,500	2,300	200
Postage	40,000	33,521	6,479
Damaged Property Insurance Reimbursement	90,200	90,159	41
Miscellaneous	1,000	808	192
Contingent Appropriations:			
Reserve for Budget Transfers	503,234		503,234
Fringe Benefits			
Social Security	148,714	139,792	8,922
Retirement	211,165	188,994	22,171
Health Insurance	245,339	213,883	31,456
Unemployment Insurance	11,014	7,447	3,567
Workers Compensation	53,092	3,955	49,137
Employee Assistance Program	2,500	2,234	266
OCC Day Care Facility Grant	250,000		250,000
Total Operating Budget	\$ 9,998,384	\$ 7,397,440	\$ 2,600,944

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
Other Financing Uses:			
Leases -			
Principal on Lease - Fire Improvements	\$ 96,000	\$ 96,000	\$
Principal on Lease - Fire Trucks	67,852	67,852	
Principal on Lease - Voting Machines	181,666	181,665	1
Bond - Principal Airport Sublease	72,500	61,248	11,252
KARP - Principal	4,000,000		4,000,000
Total General Fund	<u>\$ 14,416,402</u>	<u>\$ 7,804,205</u>	<u>\$ 6,612,197</u>

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor/Engineer:			
County Engineer Salary	\$ 64,400	\$ 48,000	\$ 16,400
Other Salaries	500,000	495,100	4,900
Engineering Services	5,000	78	4,922
Data Processing Supplies	750	117	633
Office Supplies	1,500	1,158	342
Insurance - Building and Contents	4,310	1,089	3,221
Insurance - Liability	9,990	9,990	
Insurance - Vehicles	25,000	18,421	6,579
Memberships	700	490	210
Training	2,500	645	1,855
CDL Program	2,500	2,112	388
Telephone	5,250	4,164	1,086
Utilities	15,750	10,642	5,108
Safety Program	10,000	2,353	7,647
Data Processing Equipment	1,000		1,000
Office Equipment	2,000	142	1,858
Flood Damage	25,000		25,000

Road Maintenance

Contracted Construction:			
Highway	100,000	34,292	65,708
Bridges	263,000	262,822	178

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Road Maintenance (Continued)</u>			
Contracted Services:			
Materials and Supplies	\$ 25,000	\$ 13,773	\$ 11,227
Equipment Rental	43,000	36,740	6,260
Materials and Supplies:			
Asphalt	444,050	444,036	14
Concrete	15,000	11,546	3,454
Crushed Stone	100,000	83,355	16,645
Lime, Fertilizer, Chemicals, and Seed	6,000	1,456	4,544
Garage Supplies	2,500	2,014	486
Other Materials	5,000	391	4,609
Machinery and Parts	25,000	11,762	13,238
Motor Vehicle Parts	25,000	19,624	5,376
Fuel, Oil, and Lubricants	60,000	37,043	22,957
Pipe	35,000	21,537	13,463
Signs	18,000	10,783	7,217
Salt	40,000	31,502	8,498
Sand	5,000	3,479	1,521
Tools	2,500	1,870	630
Structural Steel	5,000	3,109	1,891
Tires and Tubes	18,000	11,999	6,001
Uniforms	10,000	7,237	2,763
Other Charges:			
Maintenance-			
Building	22,600	22,567	33
Equipment	4,000	1,554	2,446
Office Equipment	1,600	1,565	35
Radio	4,000	2,705	1,295
Highway Equipment	85,000	76,654	8,346
Motor Vehicle	26,000	25,907	93
Right of Way	2,000		2,000
Other Equipment	15,500	10,045	5,455
Fuel Tanks	3,000		3,000
Vehicle Maintenance-			
Supervisor	33,500	33,443	57
Other Salaries	80,600	80,489	111

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Road Maintenance (Continued)</u>			
Other Charges: (Continued)			
Garage Supplies	\$ 2,500	\$ 2,295	\$ 205
Motor Vehicle Parts	2,000	133	1,867
Tools	1,500	258	1,242
Tires and Tubes	1,000		1,000
Solid Waste Disposal - Tires	2,500	2,067	433
Uniforms	1,500	1,441	59
Vehicle Maintenance	8,000	931	7,069
Road Rehabilitation - Reserve	200,000		200,000
Stormwater Rehabilitation - Reserve	100,000		100,000
Capital Equipment - Reserve	100,000		100,000
Miscellaneous	1,000	192	808
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Social Security	51,859	47,286	4,573
Retirement	54,910	54,355	555
Employee Insurance	90,000	78,399	11,601
Unemployment Insurance	5,000	3,381	1,619
Workers Compensation	25,000	14,321	10,679
Contingent Appropriations:			
Reserve for Budget Transfers	82,603		82,603
Total Road and Bridge Fund	\$ 2,929,872	\$ 2,104,859	\$ 825,013

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u>			
<u>Protection to Persons and Property</u>			
Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 20,000	\$ 15,890	\$ 4,110
Jail Personnel	710,000	708,460	1,540
Food Service Personnel	23,600	23,529	71
Part-Time Deputies	8,900	4,721	4,179
Contracted Services:			
Legal Fees	12,500	10,326	2,174
Building Repair	20,000	7,132	12,868
Pest Control	2,500	1,650	850
Rentals	5,000	420	4,580
Supplies and Materials:			
Food Preparation and Serving Materials	15,850	15,809	41
Food	315,100	315,048	52
Office Supplies	30,100	28,785	1,315
Prisoner Clothing	9,600	9,577	23
Tools	2,900	2,367	533
Staff Uniforms	28,900	28,861	39
Other Charges:			
Insurance-			
Building	7,850	7,850	
Liability	11,020	10,987	33
Vehicle	7,330	7,327	3
Inmate Routine Medical	213,000	212,590	410
Association Dues	2,000	1,603	397
Staff Training	10,400	10,385	15
Telephone	10,600	10,537	63
Staff Travel	19,300	19,237	63
Utilities	85,700	54,064	31,636
Equipment Repair	50,000	33,031	16,969
Miscellaneous	1,000	9	991

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Capital Outlay:			
Communications Equipment	\$ 11,050	\$ 11,018	\$ 32
Data Processing Equipment	8,950	4,977	3,973
Food Service Equipment	5,000		5,000
Furniture and Fixtures	2,500	40	2,460
Motor Vehicles	13,300		13,300
Other Equipment	23,700	23,619	81
Capital Construction	255,797	255,529	268
<u>Juvenile Facilities</u>			
Salaries-			
Jailer	60,000	47,670	12,330
Deputies	501,700	472,307	29,393
Cooks	23,600	23,529	71
Part-Time Deputies	22,700	14,164	8,536
Contracted Services:			
Building Repair	20,800	20,793	7
Rentals	4,930	222	4,708
Pest Control	1,110	1,110	
Lease Rent	18,070	18,070	
Housing Juveniles	1,890		1,890
Supplies and Services:			
Food Preparation and Serving Supplies	7,150	6,772	378
Juvenile Food	184,900	158,073	26,827
Office Supplies	46,600	46,079	521
Prisoner Clothing	3,500	3,222	278
Tools	5,000	4,185	815
Uniforms	5,000		5,000
Insurance-			
Building	9,200	9,141	59
Liability	3,500	2,305	1,195
Vehicle	7,500	7,327	173

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Juvenile Facilities</u> (Continued)			
Other Charges:			
Inmate Medical - Juvenile	\$ 2,000	\$ 722	\$ 1,278
Telephone	1,900	1,347	553
Staff Training	3,200	789	2,411
Staff Travel	3,103		3,103
Utilities	60,700	60,647	53
Equipment Repair	19,000	17,381	1,619
Miscellaneous	1,000	67	933
Capital Outlay:			
Communications Equipment	4,400	4,319	81
Data Processing	3,600		3,600
Food Service Equipment	5,000		5,000
Furniture and Fixtures	2,500		2,500
Motor Vehicles	8,400		8,400
Fringe Benefits:			
Payroll	500	(814)	1,314
County Contributions-			
Retirement	280,000	243,076	36,924
Social Security	115,000	91,123	23,877
Health Insurance	200,000	164,680	35,320
Worker's Compensation	5,000	4,789	211
Unemployment Insurance	12,000	11,210	790
Contingent Appropriations:			
Reserves for Budget Transfers	2,100		2,100
Total Jail Fund	\$ 3,600,000	\$ 3,269,683	\$ 330,317

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
<u>Transportation Facilities and Services</u>			
Road Maintenance:			
Asphalt	\$ 300,000	\$ 253,492	\$ 46,508
Crushed Stone and Gravel	60,905	18,683	42,222
Total Local Government Economic Assistance Fund	<u>\$ 360,905</u>	<u>\$ 272,175</u>	<u>\$ 88,730</u>
LOCAL GOVERNMENT ECONOMIC DEVELOPMENT FUND			
<u>General Government</u>			
Economic Development:			
Contributions	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 300,000</u>
SOLID WASTE FUND			
<u>Solid Waste Operating</u>			
Landfill Operations:			
Salaries	\$ 310,500	\$ 309,082	\$ 1,418
Temporary Operators	15,500		15,500
Contracted Services:			
Design Engineering	90,000	57,334	32,666
Sampling Monitoring Wells	70,000	52,314	17,686
Legal Fees	50,000	5,000	45,000
Medical Services	1,000	368	632
Vector Control	3,000		3,000
Materials and Supplies	22,200	22,155	45
Equipment Rental	54,100	54,050	50
Special Waste Diversion	20,000	4,846	15,154

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>SOLID WASTE FUND</u> (Continued)			
<u>Solid Waste Operating</u> (Continued)			
Supplies And Materials:			
Gravel	\$ 75,000	\$ 73,872	\$ 1,128
Site - Reclamation	30,000	3,346	26,654
Food - Work Release	8,552	8,544	8
Office Supplies	2,050	2,046	4
Fuel	80,000	64,341	15,659
Tools	40,000	5,553	34,447
Tires and Tubes	16,610	16,601	9
Uniforms	7,700	7,688	12
Other Charges:			
Freight and Postage	500	43	457
Building Insurance	4,000	1,470	2,530
Liability Insurance	18,100	18,079	21
Vehicle Insurance	11,000	10,557	443
Legal Notices	1,150	1,129	21
Registrations, Conferences, and Training	3,700	3,686	14
Telephone	4,400	2,973	1,427
Utilities	7,500	6,644	856
Leachate Disposal	15,200	15,195	5
Equipment Maintenance	110,000	77,584	32,416
Radio Maintenance	2,500	820	1,680
Miscellaneous	1,000	448	552
Capital Outlay:			
Furniture and Fixtures	3,000		3,000
Motor Vehicles	25,000		25,000
Office Equipment	10,000	5,108	4,892
Capital Equipment	300,000	116,004	183,996
Building and Construction	10,000	5,595	4,405
Contingent Appropriations:			
Reserve for Budget Transfers	242,020		242,020
Transfer Station:			
Salaries	278,768	233,445	45,323
Materials and Supplies	2,500	1,987	513
Equipment Rental	2,000	1,074	926

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>SOLID WASTE FUND</u> (Continued)			
<u>Solid Waste Operating</u> (Continued)			
Supplies and Materials:			
Food - Work Release	\$ 6,000	\$ 5,451	\$ 549
Office Supplies	2,000	1,934	66
Fuel	45,000	38,267	6,733
Tools	6,000	241	5,759
Tires and Tubes	60,100	60,087	13
Gloves	550	526	24
Uniforms	5,900	3,882	2,018
Other Charges:			
Telephone	2,500	1,414	1,086
Utilities	6,000	4,883	1,117
Building Maintenance	20,000	4,238	15,762
Equipment Maintenance	40,950	40,926	24
Radio Maintenance	1,250	162	1,088
Other Equipment	5,000	4,087	913
Building and Construction	7,500	1,906	5,594
Payroll	500	(15,908)	16,408
Contingent Appropriations:			
Reserves for Budget Transfer	15,100		15,100
Capital Outlay:			
Other Equipment	115,000	114,095	905
Tire Disposal	11,800	11,746	54
CDL Program	500	345	155
Fringe Benefits:			
County Contributions -			
Social Security	44,400	38,887	5,513
Retirement	48,800	43,353	5,447
Employee Insurance	77,000	66,133	10,867
Unemployment Insurance	3,100	2,096	1,004
Workmen's Compensation Insurance	48,000	20,310	27,690
Total Solid Waste Operating	\$ 2,521,500	\$ 1,638,042	\$ 883,458

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>SOLID WASTE FUND (Continued)</u>			
<u>Solid Waste Debt Service</u>			
Bond Issue:			
Interest	\$ 177,542	\$ 176,529	\$ 1,013
Lease:			
Interest	200,736	200,734	2
Contingent Appropriations:			
Reserve for Budget Transfers	144,222		144,222
Total Operating Solid Waste Debt Service	\$ 522,500	\$ 377,263	\$ 145,237
Other Financing Uses:			
Leases-			
Principal on Lease - Transfer Station	378,000	378,000	
Principal on Lease - Landfill	210,000	210,000	
Bond-			
Principal	210,000	71,721	138,279
Total Solid Waste Debt Service	\$ 1,320,500	\$ 1,036,984	\$ 283,516
<u>Solid Waste Closure/Post Closure</u>			
Contingent Liabilities:			
Reserve for Budget Transfers - Closure	\$ 886,667	\$	\$ 886,667
Reserve for Budget Transfers - Post Closure	443,333		443,333
Total Solid Waste Closure/Post Closure	\$ 1,330,000	\$ 0	\$ 1,330,000
<u>Construction Bond</u>			
Construction:			
Engineering Services	\$ 282,000	\$ 145,193	\$ 136,807
Materials and Supplies	153,170	146,127	7,043
Earthwork	337,555	336,912	643
Liner Installation and Termination	515,435	424,458	90,977
Leachate Collection System	217,529	11,562	205,967
Total Construction Bond	\$ 1,505,689	\$ 1,064,252	\$ 441,437

DAVIESS COUNTY
 COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED
 EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
Total Operating Budget - All Funds	\$ 23,068,850	\$ 16,123,714	\$ 6,945,136
Other Financing Uses:			
KARP-			
Principal	4,000,000		4,000,000
Leases-			
Principal	933,518	933,517	1
Bond-			
Principal	282,500	132,969	149,531
TOTAL BUDGET - ALL FUNDS	<u>\$ 28,284,868</u>	<u>\$ 17,190,200</u>	<u>\$ 11,094,668</u>

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Reid Haire, Daviess County Judge/Executive
Honorable W. M. Norris, Jr., Former Daviess County Judge/Executive
Members of the Daviess County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Daviess County, Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Daviess County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Daviess County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Reid Haire, Daviess County Judge/Executive
Honorable W. M. Norris, Jr., Former Daviess County Judge/Executive
Members of the Daviess County Fiscal Court
Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
December 10, 1999

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Reid Haire, Daviess County Judge/Executive
Honorable W. M. Norris, Jr., Former Daviess County Judge/Executive
Members of the Daviess County Fiscal Court

Report On Compliance With Requirements Applicable To Each Major Program And Internal Control Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Daviess County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each major federal program for the year ended June 30, 1999. Daviess County's major federal program is identified in the schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Daviess County's management. Our responsibility is to express an opinion on Daviess County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Daviess County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Daviess County's compliance with those requirements.

In our opinion, Daviess County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

Internal Control Over Compliance

The management of Daviess County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Daviess County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Honorable Reid Haire, Daviess County Judge/Executive
Honorable W. M. Norris, Jr., Former Daviess County Judge/Executive
Members of the Daviess County Fiscal Court
Report On Compliance With Requirements Applicable To Each Major Program
And Internal Control Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed-
December 10, 1999

FEDERAL FINDINGS AND QUESTIONED COSTS

DAVIESS COUNTY
FEDERAL FINDINGS AND QUESTIONED COSTS

Fiscal Year Ended June 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Daviess County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Daviess County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program is reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal award program for Daviess County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards program for Daviess County. The program tested as a major program was: *Title VI D – Child Support Enforcement*
7. The threshold for distinguishing Type A and B programs was \$300,000.
8. Daviess County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None

NONCOMPLIANCES

None

PRIOR YEAR FINDINGS

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DAVIESS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1999

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>Cash Programs</u>		
<u>U.S. Department of Health and Human Services</u>		
Passed-Through State Cabinet for Families and Children Title VI D Child Support Enforcement Program (CFDA #93.563)	SI-98-99-1629	\$ 496,162
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet: Victims Assistance (CFDA #16.575)	5635-VC4-11/97 5853-VC4-12/98	30,832
<u>U.S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs: Disaster and Emergency Assistance Grants- Coordinator Salary (CFDA #83.544)	FEMA-1794-DR-KY	<u>40,700</u>
Total Cash Expenditures of Federal Awards		<u>\$ 567,694</u>
<u>Noncash Programs</u>		
<u>U.S. Department of Agriculture</u>		
Passed-Through State Department of Agriculture: Jail Commodity Program (CFDA #10.550)	07/98-06/99	<u>\$ 13,268</u>
Total Federal Awards		<u><u>\$ 580,962</u></u>

See Note to the Schedule of Expenditures of Federal Awards.

DAVIESS COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 1999

Note 1 - Basis of Presentation

This schedule is presented on a cash basis except for the noncash programs, which represents commodities received and distributed by the county. The dollar value of these commodities has been provided by the Department of Agriculture.

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAMS**


DAVIESS COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

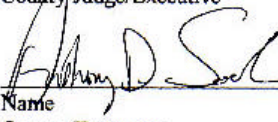
Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE
DAVISS COUNTY FISCAL COURT

The Daviess County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

COUNTY ATTORNEY'S LETTER
REGARDING RELATED PARTY TRANSACTIONS

DAVIESS COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999